

STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

PUBLIC ACCOUNTANCY ACT
(RCW 18.04)



Following is the Public Accountancy Act (Revised Code of Washington). Please visit the Board's website at www.cpaboard.wa.gov for additional information such as the Board rules (WAC 4-25), frequently asked questions and their answers, or forms.

CHAPTER 18.04 RCW

ACCOUNTANCY

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NOTES:

Falsifying accounts: Chapter 9A.60 RCW.

RCW 18.04.015 Purpose. (1) It is the policy of this state and the purpose of this chapter:

(a) To promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental; and

(b) To protect the public interest by requiring that:

(i) Persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical, and professional manner;

(ii) A public authority be established that is competent to prescribe and assess the qualifications of certified public accountants, including certificate holders who are not licensed for the practice of public accounting;

(iii) Persons other than licensees refrain from using the words "audit," "review," and "compilation" when designating a report customarily prepared by someone knowledgeable in accounting;

(iv) A public authority be established to provide for consumer alerts and public protection information to be published regarding persons or firms who violate the provisions of chapter 294, Laws of 2001 or board rule and to

provide general consumer protection information to the public; and

(v) The use of accounting titles likely to confuse the public be prohibited.

(2) The purpose of chapter 294, Laws of 2001 is to make revisions to chapter 234, Laws of 1983 and chapter 103, Laws of 1992 to: Fortify the public protection provisions of chapter 294, Laws of 2001; establish one set of qualifications to be a licensee; revise the regulations of certified public accountants; make revisions in the ownership of certified public accounting firms; assure to the greatest extent possible that certified public accountants from Washington state are substantially equivalent with certified public accountants in other states and can therefore perform the duties of certified public accountants in as many states and countries as possible; assure certified public accountants from other states and countries have met qualifications that are substantially equivalent to the certified public accountant qualifications of this state; and clarify the authority of the board of accountancy with respect to the activities of persons holding licenses and certificates under this chapter. It is not the intent of chapter 294, Laws of 2001 to in any way restrict or limit the activities of persons not holding licenses or certificates under this chapter except as otherwise specifically restricted or limited by chapter 234, Laws of 1983 and chapter 103, Laws of 1992.

(3) A purpose of chapter 103, Laws of 1992, revising provisions of chapter 234, Laws of 1983, is to clarify the authority of the board of accountancy with respect to the activities of persons holding certificates under this chapter. Furthermore, it is not the intent of chapter 103, Laws of 1992 to in any way restrict or limit the activities of persons not holding certificates under this chapter except as otherwise specifically restricted or limited by chapter 234, Laws of 1983. [2001 c 294 § 1; 1992 c 103 § 1; 1983 c 234 § 2.]

NOTES:

Effective date--2001 c 294: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2001." [2001 c 294 § 24.]

RCW 18.04.025 Definitions. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Board" means the board of accountancy created by RCW 18.04.035.

(2) "Certificate holder" means the holder of a certificate as a certified public accountant who has not become a licensee, has maintained CPE requirements, and who does not practice public accounting.

(3) "Certified public accountant" or "CPA" means a person holding a certified public accountant license or certificate.

(4) "State" includes the states of the United States, the District of Columbia, Puerto Rico, Guam, and the United States Virgin Islands.

(5) "Reports on financial statements" means any reports or opinions prepared by licensees, based on services performed in accordance with generally accepted auditing standards, standards for attestation engagements, or standards for accounting and review services as to whether the presentation of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private, or governmental, conforms with generally accepted accounting principles or other comprehensive bases of accounting. "Reports on financial statements" does not include services referenced in RCW 18.04.350(6) provided by persons not holding a license under this chapter.

(6) The "practice of public accounting" means performing or offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350(6) by persons or firms not required to be licensed under this chapter.

(7) "Firm" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company formed under chapter 25.15 RCW.

(8) "CPE" means continuing professional education.

(9) "Certificate" means a certificate as a certified public accountant issued prior to July 1, 2001, as authorized under the provisions of this chapter.

(10) "Licensee" means the holder of a license to practice public accountancy issued under this chapter.

(11) "License" means a license to practice public accountancy issued to an individual under this chapter, or a license issued to a firm under this chapter.

(12) "Manager" means a manager of a limited liability company licensed as a firm under this chapter.

(13) "NASBA" means the national association of state boards of accountancy.

(14) "Quality assurance review" means a process established by and conducted at the direction of the board of study, appraisal, or review of one or more aspects of the attest work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

(15) "Peer review" means a study, appraisal, or review of one or more aspects of the attest work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality control policies and procedures, but not including the "quality assurance review" under subsection (14) of this section.

(16) "Review committee" means any person carrying out, administering or overseeing a peer review authorized by the reviewee.

(17) "Rule" means any rule adopted by the board under authority of this chapter.

(18) "Holding out" means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person or firm that the person or firm holds a license under this chapter and that the person or firm offers to perform any professional services to the public as a licensee. "Holding out" shall not affect or limit a person or firm not required to hold a license under this chapter from engaging in practices identified in RCW 18.04.350.

(19) "Natural person" means a living, human being.

(20) "Inactive" means the certificate is in an inactive status because a person who held a valid certificate before July 1, 2001, has not met the current requirements of licensure and has been granted inactive certificate holder status through an approval process established by the board. [2001 c 294 § 2; 1999 c 378 § 1; 1994 c 211 § 1401; 1992 c 103 § 2; 1986 c 295 § 1; 1983 c 234 § 3.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

Effective date--Severability--1994 c 211: See RCW 25.15.900 and 25.15.902.

RCW 18.04.035 Board of accountancy--Members--Terms--Vacancies--Removal. (1) There is created a board of accountancy for the state of Washington to be known as the Washington state board of accountancy. Effective June 30, 2001, the board shall consist of nine members appointed by the governor. Members of the board shall include six persons who have been licensed in this state continuously for the previous ten years. Three members shall be public members qualified to judge whether the qualifications, activities, and professional practice of those regulated under this chapter conform with standards to protect the public interest, including one public member qualified to represent the interests of clients of individuals and firms licensed under this chapter.

(2) The members of the board shall be appointed by the governor to a term of three years. Vacancies occurring during a term shall be filled by appointment for the unexpired term. Upon the expiration of a member's term of office, the member shall continue to serve until a successor has been appointed and has assumed office. The governor shall remove from the board any member whose license to practice has been revoked or suspended and may, after hearing, remove any member of the board for neglect of duty or other just cause. No person who has served two successive complete terms is eligible for reappointment. Appointment to fill an unexpired term is not considered a complete term. In order to stagger their terms, of the two new appointments made to the board upon June 11, 1992, the first appointed member shall serve a term of two years initially. [2001 c 294 § 3; 1992 c 103 § 3; 1986 c 295 § 2; 1983 c 234 § 4.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.045 Board--Officers and staff--Powers and duties. (1) The board shall annually elect a chair, a vice-chair, and a secretary from its members.

(2) A majority of the board constitutes a quorum for the transaction of business.

(3) The board shall have a seal which shall be judicially noticed.

(4) The board shall keep records of its proceedings, and of any proceeding in court arising from or founded

upon this chapter. Copies of these records certified as correct under the seal of the board are admissible in evidence as tending to prove the content of the records.

(5) The governor shall appoint an executive director of the board, who shall serve at the pleasure of the governor. The executive director may employ such personnel as is appropriate for carrying out the purposes of this chapter. The executive director shall hold a valid Washington license. The board may arrange for such volunteer assistance as it requires to perform its duties. Individuals or committees assisting the board constitute volunteers for purposes of chapter 4.92 RCW.

(6) The board shall file an annual report of its activities with the governor. The report shall include, but not be limited to, a statement of all receipts and disbursements. Upon request, the board shall mail a copy of each annual report to any member of the public.

(7) In making investigations concerning alleged violations of the provisions of this chapter and in all proceedings under RCW 18.04.295 or chapter 34.05 RCW, the board chair, or a member of the board, or a board designee acting in the chair's place, may administer oaths or affirmations to witnesses appearing before the board, subpoena witnesses and compel their attendance, take testimony, and require that documentary evidence be submitted.

(8) The board may review the publicly available professional work of licensees on a general and random basis, without any requirement of a formal complaint or suspicion of impropriety on the part of any particular licensee. If as a result of such review the board discovers reasonable grounds for a more specific investigation, the board may proceed under its investigative and disciplinary rules.

(9) The board may provide for consumer alerts and public protection information to be published regarding persons or firms who violate the provisions of this chapter or board rule and may provide general consumer protection information to the public.

(10) As provided in RCW 18.04.370, the board may enter into stipulated agreements and orders of assurance with persons who have violated the provisions of RCW 18.04.345 or certify the facts to the prosecuting attorney of the county in which such person resides for criminal prosecution. [2001 c 294 § 4; 1992 c 103 § 4; 1986 c 295 § 3; 1983 c 234 § 5.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.055 Board--Rules. The board may adopt and amend rules under chapter 34.05 RCW for the orderly conduct of its affairs. The board shall prescribe rules consistent with this chapter as necessary to implement this chapter. Included may be:

- (1) Rules of procedure to govern the conduct of matters before the board;
- (2) Rules of professional conduct for all licensees, certificate holders, and nonlicensee owners of licensed firms, in order to establish and maintain high standards of competence and ethics including rules dealing with independence, integrity, objectivity, and freedom from conflicts of interest;
- (3) Rules specifying actions and circumstances deemed to constitute holding oneself out as a licensee in connection with the practice of public accountancy;
- (4) Rules specifying the manner and circumstances of the use of the titles "certified public accountant" and "CPA," by holders of certificates who do not also hold licenses under this chapter;
- (5) Rules specifying the educational requirements to take the certified public accountant examination;
- (6) Rules designed to ensure that licensees' "reports on financial statements" meet the definitional requirements for that term as specified in RCW 18.04.025;
- (7) Requirements for CPE to maintain or improve the professional competence of licensees as a condition to maintaining their license and certificate holders as a condition to maintaining their certificate under RCW 18.04.215;
- (8) Rules governing firms issuing or offering to issue reports on financial statements or using the title "certified public accountant" or "CPA" including, but not limited to, rules concerning their style, name, title, and affiliation with any other organization, and establishing reasonable practice and ethical standards to protect the public interest;
- (9) The board may by rule implement a quality assurance review program as a means to monitor licensees' quality of practice and compliance with professional standards. The board may exempt from such program, licensees who undergo periodic peer reviews in programs of the American Institute of Certified Public Accountants, NASBA, or other programs recognized and approved by the board;
- (10) The board may by rule require licensed firms to obtain professional liability insurance if in the board's discretion such insurance provides additional and necessary protection for the public;
- (11) Rules specifying the experience requirements in order to qualify for a license;

(12) Rules specifying the requirements for certificate holders to qualify for a license under this chapter which must include provisions for meeting CPE and experience requirements prior to application for licensure;

(13) Rules specifying the registration requirements, including ethics examination and fee requirements, for resident nonlicensee partners, shareholders, and managers of licensed firms;

(14) Rules specifying the ethics CPE requirements for certificate holders and owners of licensed firms, including the process for reporting compliance with those requirements;

(15) Rules specifying the experience and CPE requirements for licensees offering or issuing reports on financial statements; and

(16) Any other rule which the board finds necessary or appropriate to implement this chapter. [2001 c 294 § 5; 1992 c 103 § 5; 1986 c 295 § 4; 1983 c 234 § 6.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.065 Board--Fees--Disposition. The board shall set its fees at a level adequate to pay the costs of administering this chapter. All fees for licenses, registrations of nonlicensee partners, shareholders, and managers of licensed firms, renewals of licenses, renewals of registrations of nonlicensee partners, shareholders, and managers of licensed firms, renewals of certificates, reinstatements of lapsed licenses, reinstatements of lapsed certificates, reinstatements of lapsed registrations of nonlicensee partners, shareholders, and managers of licensed firms, practice privileges under RCW 18.04.350, and delinquent filings received under the authority of this chapter shall be deposited in the certified public accountants' account created by RCW 18.04.105. Appropriation from such account shall be made only for the cost of administering the provisions of this chapter. [2001 c 294 § 6; 1992 c 103 § 6; 1983 c 234 § 24.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.080 Compensation and travel expenses of members. Each member of the board shall be compensated in accordance with RCW 43.03.240 and shall be reimbursed for travel expenses incurred in the discharge of such duties in accordance with RCW 43.03.050 and 43.03.060. [1984 c 287 § 20; 1983 c 234 § 22; 1975-'76 2nd ex.s. c 34 § 25; 1949 c 226 § 7; Rem. Supp. 1949 § 8269-14.]

NOTES:

Legislative findings--Severability--Effective date--1984 c 287: See notes following RCW 43.03.220.

Effective date--Severability--1975-'76 2nd ex.s. c 34: See notes following RCW 2.08.115.

RCW 18.04.105 Issuance of license--Requirements--Examination--Fees--Certified public accountants' account--Valid certificates previously issued under chapter--Continuing professional education--Inactive certificates. (1) A license to practice public accounting shall be granted by the board to any person:

(a) Who is of good character. Good character, for purposes of this section, means lack of a history of dishonest or felonious acts. The board may refuse to grant a license on the ground of failure to satisfy this requirement only if there is a substantial connection between the lack of good character of the applicant and the professional and ethical responsibilities of a licensee and if the finding by the board of lack of good character is supported by a preponderance of evidence. When an applicant is found to be unqualified for a license because of a lack of good character, the board shall furnish the applicant a statement containing the findings of the board and a notice of the applicant's right of appeal;

(b) Who has met the educational standards established by rule as the board determines to be appropriate;

(c) Who has passed an examination;

(d) Who has had one year of experience which is gained:

(i) Through the use of accounting, issuing reports on financial statements, management advisory, financial advisory, tax, tax advisory, or consulting skills;

(ii) While employed in government, industry, academia, or public practice; and

(iii) Meeting the competency requirements in a manner as determined by the board to be appropriate and established by board rule; and

(e) Who has paid appropriate fees as established by rule by the board.

(2) The examination described in subsection (1)(c) of this section shall test the applicant's knowledge of the subjects of accounting and auditing, and other related fields the board may specify by rule. The time for holding the examination is fixed by the board and may be changed from time to time. The board shall prescribe by rule the methods of applying for and taking the examination, including methods for grading examinations and determining a passing grade required of an applicant for a license. The board shall to the extent possible see to it that the grading of the examination, and the passing grades, are uniform with those applicable to all other states. The board may make use of all or a part of the uniform certified public accountant examination and advisory grading service of the American Institute of Certified Public Accountants and may contract with third parties to perform administrative services with respect to the examination as the board deems appropriate to assist it in performing its duties under this chapter. The board shall establish by rule provisions for transitioning to a new examination structure or to a new media for administering the examination.

(3) The board shall charge each applicant an examination fee for the initial examination or for reexamination. The applicable fee shall be paid by the person at the time he or she applies for examination, reexamination, or evaluation of educational qualifications. Fees for examination, reexamination, or evaluation of educational qualifications shall be determined by the board under chapter 18.04 RCW. There is established in the state treasury an account to be known as the certified public accountants' account. All fees received from candidates to take any or all sections of the certified public accountant examination shall be used only for costs related to the examination.

(4) Persons who on June 30, 2001, held valid certificates previously issued under this chapter shall be deemed to be certificate holders, subject to the following:

(a) Certificate holders may, prior to June 30, 2004, petition the board to become licensees by documenting to the board that they have gained one year of experience through the use of accounting, issuing reports on financial statements, management advisory, financial advisory, tax, tax advisory, or consulting skills, without regard to the eight-year limitation set forth in (b) of this subsection, while employed in government, industry, academia, or public practice.

(b) Certificate holders who do not petition to become licensees prior to June 30, 2004, may after that date petition the board to become licensees by documenting to the board that they have one year of experience acquired within eight years prior to applying for a license through the use of accounting, issuing reports on financial statements, management advisory, financial advisory, tax, tax advisory, or consulting skills in government, industry, academia, or public practice.

(c) Certificate holders who petition the board pursuant to (a) or (b) of this subsection must also meet competency requirements in a manner as determined by the board to be appropriate and established by board rule.

(d) Any certificate holder petitioning the board pursuant to (a) or (b) of this subsection to become a licensee must submit to the board satisfactory proof of having completed an accumulation of one hundred twenty hours of CPE during the thirty-six months preceding the date of filing the petition.

(e) Any certificate holder petitioning the board pursuant to (a) or (b) of this subsection to become a licensee must pay the appropriate fees established by rule by the board.

(5) Certificate holders shall comply with the prohibition against the practice of public accounting in RCW 18.04.345.

(6) Persons who on June 30, 2001, held valid certificates previously issued under this chapter are deemed to hold inactive certificates, subject to renewal as inactive certificates, until they have petitioned the board to become licensees and have met the requirements of subsection (4) of this section. No individual who did not hold a valid certificate before July 1, 2001, is eligible to obtain an inactive certificate.

(7) Persons deemed to hold inactive certificates under subsection (6) of this section shall comply with the prohibition against the practice of public accounting in subsection (8)(b) of this section and RCW 18.04.345, but are not required to display the term inactive as part of their title, as required by subsection (8)(a) of this section until renewal. Certificates renewed to any persons after June 30, 2001, are inactive certificates and the inactive certificate holders are subject to the requirements of subsection (8) of this section.

(8) Persons holding an inactive certificate:

(a) Must use or attach the term "inactive" whenever using the title CPA or certified public accountant or referring to the certificate, and print the word "inactive" immediately following the title, whenever the title is printed on a business card, letterhead, or any other document, including documents published or transmitted through electronic media, in the same font and font size as the title; and

(b) Are prohibited from practicing public accounting. [2001 c 294 § 7; 2000 c 171 § 2; 1999 c 378 § 2; 1992 c 103 § 7; 1991 sp.s. c 13 § 20; 1986 c 295 § 6; 1985 c 57 § 3; 1983 c 234 § 7.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

Effective dates--Severability--1991 sp.s. c 13: See notes following RCW 18.08.240.

Effective date--1985 c 57: "This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1985." [1985 c 57 § 91.]

RCW 18.04.180 Reciprocity. (1) The board shall issue a license to a holder of a certificate/valid license issued by another state that entitles the holder to practice public accountancy, provided that:

(a) Such state makes similar provision to grant reciprocity to a holder of a valid certificate or license in this state;

(b) The applicant meets the CPE requirements of RCW 18.04.215(5);

(c) The applicant meets the good character requirements of RCW 18.04.105(1)(a); and

(d) The applicant passed the examination required for issuance of his or her certificate or license with grades that would have been passing grades at that time in this state and meets all current requirements in this state for issuance of a license at the time application is made; or at the time of the issuance of the applicant's license in the other state, met all the requirements then applicable in this state; or has had five years of experience within the ten years immediately preceding application in the practice of public accountancy that meets the requirements prescribed by the board.

(2) The board may accept NASBA's designation of the applicant as substantially equivalent to national standards as meeting the requirement of subsection (1)(d) of this section.

(3) A licensee who has been granted a license under the reciprocity provisions of this section shall notify the board within thirty days if the license or certificate issued in the other jurisdiction has lapsed or if the status of the license or certificate issued in the other jurisdiction becomes otherwise invalid. [2001 c 294 § 8; 1992 c 103 § 8; 1949 c 226 § 17; Rem. Supp. 1949 § 8269-24.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.183 Accountants from foreign countries. The board shall grant a license as a certified public accountant to a holder of a permit, license, or certificate issued by a foreign country's board, agency, or institute, provided that:

(1) The foreign country where the foreign permit, license, or certificate was issued is a party to an agreement on trade with the United States that encourages the mutual recognition of licensing and certification requirements for the provision of covered services by the parties under the trade agreement;

(2) Such foreign country's board, agency, or institute makes similar provision to allow a person who holds a valid license issued by this state to obtain such foreign country's comparable permit, license, or certificate;

(3) The foreign permit, license, or certificate:

(a) Was duly issued by such foreign country's board, agency, or institute that regulates the practice of public accountancy; and

(b) Is in good standing at the time of the application; and

(c) Was issued upon the basis of educational, examination, experience, and ethical requirements substantially equivalent currently or at the time of issuance of the foreign permit, license, or certificate to those in this state;

(4) The applicant has within the thirty-six months prior to application completed an accumulation of one hundred twenty hours of CPE as required under RCW 18.04.215(5). The board shall provide for transition from existing to new CPE requirements;

(5) The applicant's foreign permit, license, or certificate was the type of permit, license, or certificate requiring the most stringent qualifications if, in the foreign country, more than one type of permit, license, or certificate is issued. This state's board shall decide which are the most stringent qualifications;

(6) The applicant has passed a written examination or its equivalent, approved by the board, that tests knowledge in the areas of United States accounting principles, auditing standards, commercial law, income tax law, and

Washington state rules of professional ethics; and

(7) The applicant has within the eight years prior to applying for a license under this section, demonstrated, in accordance with the rules issued by the board, one year of public accounting experience, within the foreign country where the foreign permit, license, or certificate was issued, equivalent to the experience required under RCW 18.04.105(1)(d) or such other experience or employment which the board in its discretion regards as substantially equivalent.

The board may adopt by rule new CPE standards that differ from those in subsection (4) of this section or RCW 18.04.215 if the new standards are consistent with the CPE standards of other states so as to provide to the greatest extent possible, consistent national standards.

A licensee who has been granted a license under the reciprocity provisions of this section shall notify the board within thirty days if the permit, license, or certificate issued in the other jurisdiction has lapsed or if the status of the permit, license, or certificate issued in the other jurisdiction becomes otherwise invalid. [2001 c 294 § 9; 1999 c 378 § 3; 1992 c 103 § 18.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.185 Application for license--Secretary of state agent for service of process. Application for a license to practice public accounting in this state by a certified public accountant or CPA firm who holds a license or permit to practice issued by another state constitutes the appointment of the secretary of state as an agent for service of process in any action or proceeding against the applicant arising from any transaction or operation connected with or incidental to the practice of public accounting in this state by the holder of the license to practice. [2001 c 294 § 10; 1999 c 378 § 4; 1986 c 295 § 7; 1983 c 234 § 8.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.195 License required--Requirements--Application--Fees. (1) A sole proprietorship engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant shall license, as a firm, every three years with the board.

(a) The sole proprietor shall hold a license to practice under RCW 18.04.215;

(b) Each resident person in charge of an office located in this state shall hold a license to practice under RCW 18.04.215; and

(c) The licensed firm must meet competency requirements established by rule by the board.

(2) A partnership engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant shall license as a firm every three years with the board, and shall meet the following requirements:

(a) At least one general partner of the partnership shall hold a license to practice under RCW 18.04.215;

(b) Each resident person in charge of an office in this state shall hold a license to practice under RCW 18.04.215;

(c) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners or owners shall be held by natural persons who are licensees or holders of a valid license issued under this chapter or by another state that entitles the holder to practice public accounting in this state. The principal partner of the partnership and any partner having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state that entitles the holder to practice public accounting in this state; and

(d) The licensed firm must meet competency requirements established by rule by the board.

(3) A corporation engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant shall license as a firm every three years with the board and shall meet the following requirements:

(a) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all shareholders or owners shall be held by natural persons who are licensees or holders of a valid license issued under this chapter or by another state that entitles the holder to practice public accounting in this state and is principally employed by the corporation or actively engaged in its business. The principal officer of the corporation and any officer

or director having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state that entitles the holder to practice public accounting in this state;

(b) At least one shareholder of the corporation shall hold a license under RCW 18.04.215;

(c) Each resident person in charge of an office located in this state shall hold a license under RCW 18.04.215;

(d) A written agreement shall bind the corporation or its shareholders to purchase any shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder, and bind any holder not a qualified shareholder to sell the shares to the corporation or its qualified shareholders. The agreement shall be noted on each certificate of corporate stock. The corporation may purchase any amount of its stock for this purpose, notwithstanding any impairment of capital, as long as one share remains outstanding;

(e) The corporation shall comply with any other rules pertaining to corporations practicing public accounting in this state as the board may prescribe; and

(f) The licensed firm must meet competency requirements established by rule by the board.

(4) A limited liability company engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant shall license as a firm every three years with the board, and shall meet the following requirements:

(a) At least one member of the limited liability company shall hold a license under RCW 18.04.215;

(b) Each resident manager or member in charge of an office located in this state shall hold a license under RCW 18.04.215;

(c) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all owners shall be held by natural persons who are licensees or holders of a valid license issued under this chapter or by another state that entitles the holder to practice public accounting in this state. The principal member or manager of the limited liability company and any member having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state that entitles the holder to practice public accounting in this state; and

(d) The licensed firm must meet competency requirements established by rule by the board.

(5) Application for a license as a firm shall be made upon the affidavit of the proprietor or person designated as managing partner, member, or shareholder for Washington. This person shall hold a license under RCW 18.04.215. The board shall determine in each case whether the applicant is eligible for a license. A partnership, corporation, or limited liability company which is licensed to practice under RCW 18.04.215 may use the designation "certified public accountants" or "CPAs" in connection with its partnership, limited liability company, or corporate name. The board shall be given notification within ninety days after the admission or withdrawal of a partner, shareholder, or member engaged in this state in the practice of public accounting from any partnership, corporation, or limited liability company so licensed.

(6) Licensed firms which fall out of compliance with the provisions of this section due to changes in firm ownership or personnel, after receiving or renewing a license, shall notify the board in writing within thirty days of its falling out of compliance and propose a time period in which they will come back into compliance. The board may grant a reasonable period of time for a firm to be in compliance with the provisions of this section. Failure to bring the firm into compliance within a reasonable period of time, as determined by the board, may result in suspension, revocation, or imposition of conditions on the firm's license.

(7) Fees for the license as a firm and for notification of the board of the admission or withdrawal of a partner, shareholder, or member shall be determined by the board. Fees shall be paid by the firm at the time the license application form or notice of admission or withdrawal of a partner, shareholder, or member is filed with the board.

(8) Nonlicensee owners of licensed firms are:

(a) Required to fully comply with the provisions of this chapter and board rules;

(b) Required to be a natural person;

(c) Required to be an active individual participant in the licensed firm or affiliated entities as these terms are defined by board rule; and

(d) Subject to discipline by the board for violation of this chapter.

(9) Resident nonlicensee owners of licensed firms are required to meet:

(a) The ethics examination, registration, and fee requirements as established by the board rules; and

(b) The ethics CPE requirements established by the board rules. [2001 c 294 § 11; 1999 c 378 § 5; 1994 c 211 § 1402; 1986 c 295 § 8; 1983 c 234 § 9.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

Effective date--Severability--1994 c 211: See RCW 25.15.900 and 25.15.902.

RCW 18.04.205 Registration of offices--Requirements--Rules--Fees. (1) Each office established or maintained in this state for the purpose of offering to issue or issuing reports on financial statements in this state or that uses the title "certified public accountant" or "CPA," shall register with the board under this chapter every three years.

(2) Each office shall be under the direct supervision of a resident licensee holding a license under RCW 18.04.215.

(3) The board shall by rule prescribe the procedure to be followed to register and maintain offices established in this state for the purpose of offering to issue or issuing reports on financial statements or that use the title "certified public accountant" or "CPA."

(4) Fees for the registration of offices shall be determined by the board. Fees shall be paid by the applicant at the time the registration form is filed with the board. [2001 c 294 § 12; 1999 c 378 § 6; 1992 c 103 § 9; 1986 c 295 § 9; 1983 c 234 § 10.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.215 Licenses--Issuance--Renewal and reinstatement--Continuing professional education--Fees. (1) Three-year licenses shall be issued by the board:

(a) To persons meeting the requirements of RCW 18.04.105(1), 18.04.180, or 18.04.183.

(b) To certificate holders meeting the requirements of RCW 18.04.105(4).

(c) To firms under RCW 18.04.195, meeting the requirements of RCW 18.04.205.

(2) The board shall, by rule, provide for a system of certificate and license renewal and reinstatement. Applicants for renewal or reinstatement shall, at the time of filing their applications, list with the board all states and foreign jurisdictions in which they hold or have applied for certificates, permits or licenses to practice.

(3) An inactive certificate is renewed every three years with renewal subject to the requirements of ethics CPE and the payment of fees, prescribed by the board. Failure to renew the inactive certificate shall cause the inactive certificate to lapse and be subject to reinstatement. The board shall adopt rules providing for fees and procedures for renewal and reinstatement of inactive certificates.

(4) A license is issued every three years with renewal subject to requirements of CPE and payment of fees, prescribed by the board. Failure to renew the license shall cause the license to lapse and become subject to reinstatement. Persons holding a lapsed license are prohibited from using the title "CPA" or "certified public accountant." Persons holding a lapsed license are prohibited from practicing public accountancy. The board shall adopt rules providing for fees and procedures for issuance, renewal, and reinstatement of licenses.

(5) The board shall adopt rules providing for CPE for licensees and certificate holders. The rules shall:

(a) Provide that a licensee shall verify to the board that he or she has completed at least an accumulation of one hundred twenty hours of CPE during the last three-year period to maintain the license;

(b) Establish CPE requirements; and

(c) Establish when new licensees shall verify that they have completed the required CPE.

(6) A certified public accountant who holds a license issued by another state, and applies for a license in this state, may practice in this state from the date of filing a completed application with the board, until the board has acted upon the application provided the application is made prior to holding out as a certified public accountant in this state and no sanctions or investigations, deemed by the board to be pertinent to public accountancy, by other jurisdictions or agencies are in process.

(7) A licensee shall submit to the board satisfactory proof of having completed an accumulation of one hundred twenty hours of CPE recognized and approved by the board during the preceding three years. Failure to furnish this evidence as required shall make the license lapse and subject to reinstatement procedures, unless the board determines the failure to have been due to retirement or reasonable cause.

The board in its discretion may renew a certificate or license despite failure to furnish evidence of compliance with requirements of CPE upon condition that the applicant follow a particular program of CPE. In issuing rules and individual orders with respect to CPE requirements, the board, among other considerations, may rely upon guidelines and pronouncements of recognized educational and professional associations, may prescribe course content, duration, and organization, and may take into account the accessibility of CPE to licensees and certificate holders and instances of individual hardship.

(8) Fees for renewal or reinstatement of certificates and licenses in this state shall be determined by the board

under this chapter. Fees shall be paid by the applicant at the time the application form is filed with the board. The board, by rule, may provide for proration of fees for licenses or certificates issued between normal renewal dates. [2001 c 294 § 13; 1999 c 378 § 7; 1992 c 103 § 10; 1986 c 295 § 10; 1983 c 234 § 11.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, refuse to renew, or reinstate a license or certificate; impose a fine in an amount not to exceed ten thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes:

- (1) Fraud or deceit in obtaining a license, or in any filings with the board;
- (2) Dishonesty, fraud, or negligence while representing oneself as a nonlicensee owner holding an ownership interest in a licensed firm, a licensee, or a certificate holder;
- (3) A violation of any provision of this chapter;
- (4) A violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter;
- (5) Conviction of a crime or an act constituting a crime under:
 - (a) The laws of this state;
 - (b) The laws of another state, and which, if committed within this state, would have constituted a crime under the laws of this state; or
 - (c) Federal law;
- (6) Cancellation, revocation, suspension, or refusal to renew the authority to practice as a certified public accountant by any other state for any cause other than failure to pay a fee or to meet the requirements of CPE in the other state;
- (7) Suspension or revocation of the right to practice matters relating to public accounting before any state or federal agency;

For purposes of subsections (6) and (7) of this section, a certified copy of such revocation, suspension, or refusal to renew shall be prima facie evidence;
- (8) Failure to maintain compliance with the requirements for issuance, renewal, or reinstatement of a certificate or license, or to report changes to the board;
- (9) Failure to cooperate with the board by:
 - (a) Failure to furnish any papers or documents requested or ordered by the board;
 - (b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board;
 - (c) Failure to respond to subpoenas issued by the board, whether or not the recipient of the subpoena is the accused in the proceeding;
- (10) Failure by a nonlicensee owner of a licensed firm to comply with the requirements of this chapter or board rule; and
- (11) Failure to comply with an order of the board. [2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.305 Actions against firm license. The board may revoke, suspend, or refuse to renew the license issued to a firm if at any time the firm does not meet the requirements of this chapter for licensing, or for any of the causes enumerated in RCW 18.04.295, or for any of the following additional causes:

- (1) The revocation or suspension of the sole-practitioner's license or the revocation or suspension or refusal to renew the license of any partner, manager, member, or shareholder;
- (2) The revocation, suspension, or refusal to renew the license of the firm, or any partner, manager, member, or

shareholder thereof, to practice public accounting in any other state or foreign jurisdiction for any cause other than failure to pay a fee or to meet the CPE requirements of the other state or foreign jurisdiction;

(3) Failure by a nonlicensee owner of a licensed firm to comply with the requirements of this chapter or board rule; or

(4) Failure of the firm to comply with the requirements of this chapter or board rule. [2001 c 294 § 15; 1992 c 103 § 12; 1986 c 295 § 12; 1983 c 234 § 13.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.320 Actions against license--Procedures. In the case of the refusal, revocation, or suspension of a certificate or a license by the board under the provisions of this chapter, such proceedings and any appeal therefrom shall be taken in accordance with the administrative procedure act, chapter 34.05 RCW. [1986 c 295 § 13; 1983 c 234 § 14; 1949 c 226 § 31; Rem. Supp. 1949 § 8269-38.]

RCW 18.04.335 Reissuance or modification of suspension of license or certificate. (1) Upon application in writing and after hearing pursuant to notice, the board may:

(a) Modify the suspension of, or reissue a certificate or a license to, an individual whose certificate or license has been revoked or suspended; or

(b) Modify the suspension of, or reissue a license to a firm whose license has been revoked, suspended, or which the board has refused to renew.

(2) In the case of suspension for failure to comply with a support order under chapter 74.20A RCW, if the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of a certificate or a license shall be automatic upon the board's receipt of a release issued by the department of social and health services stating that the individual is in compliance with the order. [2001 c 294 § 16; 1997 c 58 § 812; 1992 c 103 § 13; 1986 c 295 § 14; 1983 c 234 § 15.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

Short title--Part headings, captions, table of contents not law--Exemptions and waivers from federal law--Conflict with federal requirements--Severability--1997 c 58: See RCW 74.08A.900 through 74.08A.904.

Effective dates--Intent--1997 c 58: See notes following RCW 74.20A.320.

RCW 18.04.345 Prohibited practices. (1) No person may assume or use the designation "certified public accountant-inactive" or "CPA-inactive" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant-inactive or CPA-inactive unless the person holds a certificate. Persons holding only a certificate may not practice public accounting.

(2) No person may hold himself or herself out to the public or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant or CPA unless the person holds a license under RCW 18.04.215.

(3) No firm may hold itself out to the public as offering to issue or issuing reports on financial statements, or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205.

(4) No person, partnership, limited liability company, or corporation offering accounting services to the public may hold himself, herself, or itself out to the public, or assume or use along, or in connection with his, hers, or its name, or any other name the title or designation "certified accountant," "chartered accountant," "licensed accountant," "licensed public accountant," "public accountant," or any other title or designation likely to be confused with "certified public accountant" or any of the abbreviations "CA," "LA," "LPA," or "PA," or similar abbreviations likely to be

confused with "CPA."

(5) No licensed firm may operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the board.

(6) No person may sign, affix, or associate his or her name or any trade or assumed name used by the person in his or her business to any report designated as an "audit," "review," or "compilation," unless the person holds a license to practice under RCW 18.04.215 and a firm license under RCW 18.04.195, and all of the person's offices in this state are licensed under RCW 18.04.205.

(7) No person may sign, affix, or associate a firm name to any report designated as an "audit," "review," or "compilation," unless the firm is licensed under RCW 18.04.195 and 18.04.215, and all of its offices in this state are maintained and registered under RCW 18.04.205.

(8) No person, partnership, limited liability company, or corporation not holding a license to practice under RCW 18.04.215 may hold himself, herself, or itself out to the public as an "auditor" with or without any other description or designation by use of such word on any sign, card, letterhead, or in any advertisement or directory. [2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.350 Practices not prohibited. (1) Nothing in this chapter prohibits any person not holding a license from serving as an employee of a firm licensed under RCW 18.04.215. However, the employee or assistant shall not issue any accounting or financial statement over his or her name.

(2)(a) An individual, whose principal place of business is not in this state, who has a valid certificate or license as a certified public accountant from another state, and (i) whose state of licensure has education, examination, and experience requirements that are deemed by the board to be substantially equivalent to this state's requirements or (ii) who, as an individual, has education, examination, and experience that are deemed by the board to be substantially equivalent to this state's requirement shall have all the privileges of license holders of this state without the need to obtain a license under RCW 18.04.105 or 18.04.195. However, such individuals shall notify the board, under such circumstances and in such manner as the board determines by rule, of their intent to enter the state under this section. The board shall have the authority to establish a fee for the practice privilege granted under this section by rule.

(b) An individual that enters the state under this section and is granted this practice privilege shall abide by this chapter and the rules adopted under this chapter and shall be subject to discipline for violation of this chapter. However, such individual is exempt from the continuing education requirements of this chapter provided the individual has met the continuing education requirements of the state in which the individual holds a valid certificate or license. The board may accept NASBA's designation of the individual's state as substantially equivalent to national standards, or NASBA's designation of the applicant as substantially equivalent to national standards, as meeting the requirement for a certified public accountant to be substantially equivalent to this state's requirements.

(c) Any certificate or license holder of another state exercising the privilege afforded under this section consents, as a condition of the grant of this privilege:

(i) To the personal and subject matter jurisdiction of the board;

(ii) To the appointment of the state board which issued the certificate or license as their agent upon whom process may be served in any action or proceeding by this state's board against the certificate holder or licensee.

(d) A licensee of this state offering or rendering services or using their certified public accountant title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the certificate or permit holder would be subject to discipline for an act committed in the other state provided the board receives timely notification of the act. Notwithstanding RCW 18.04.295, the board may investigate any complaint made by the board of accountancy of another state.

(3) Nothing in this chapter prohibits a licensee, a licensed firm, or any of their employees from disclosing any data in confidence to other certified public accountants, quality assurance or peer review teams, partnerships, limited liability companies, or corporations of public accountants or to the board or any of its employees engaged in conducting quality assurance or peer reviews, or any one of their employees in connection with quality or peer reviews of that accountant's accounting and auditing practice conducted under the auspices of recognized professional associations.

(4) Nothing in this chapter prohibits a licensee, a licensed firm, or any of their employees from disclosing any data in confidence to any employee, representative, officer, or committee member of a recognized professional association, or to the board, or any of its employees or committees in connection with a professional investigation held under the auspices of recognized professional associations or the board.

- (5) Nothing in this chapter prohibits any officer, employee, partner, or principal of any organization:
- (a) From affixing his or her signature to any statement or report in reference to the affairs of the organization with any wording designating the position, title, or office which he or she holds in the organization; or
 - (b) From describing himself or herself by the position, title, or office he or she holds in such organization.
- (6) Nothing in this chapter prohibits any person or firm composed of persons not holding a license under RCW 18.04.215 from offering or rendering to the public bookkeeping, accounting, tax services, the devising and installing of financial information systems, management advisory, or consulting services, the preparation of tax returns, or the furnishing of advice on tax matters, the preparation of financial statements, written statements describing how such financial statements were prepared, or similar services, provided that persons, partnerships, limited liability companies, or corporations not holding a license under RCW 18.04.215 who offer or render these services do not designate any written statement as an "audit report," "review report," or "compilation report," do not issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and do not issue any written statement which expresses assurance on financial statements which have been reviewed.
- (7) Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.
- (8) Nothing contained in this chapter prohibits any person who holds only a valid certificate from assuming or using the designation "certified public accountant-inactive" or "CPA-inactive" or any other title, designation, words, letters, sign, card, or device tending to indicate the person is a certificate holder, provided, that such person does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory, consulting services, the preparation of tax returns, or the furnishing of advice on tax matters.
- (9) Nothing in this chapter prohibits the use of the title "accountant" by any person regardless of whether the person has been granted a certificate or holds a license under this chapter. Nothing in this chapter prohibits the use of the title "enrolled agent" or the designation "EA" by any person regardless of whether the person has been granted a certificate or holds a license under this chapter if the person is properly authorized at the time of use to use the title or designation by the United States department of the treasury. The board shall by rule allow the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license under this chapter if the person using the titles or designations is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles. [2001 c 294 § 18; 1992 c 103 § 15; 1986 c 295 § 16; 1983 c 234 § 17; 1969 c 114 § 7; 1949 c 226 § 34; Rem. Supp. 1949 § 8269-41.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.360 Practices may be enjoined. If, in the judgment of the board any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, a violation of this chapter, the board may make application to the appropriate court for an order enjoining such acts or practices and upon a showing by the board that such person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order as may be appropriate may be granted by such court. [1983 c 234 § 18; 1949 c 226 § 35; Rem. Supp. 1949 § 8269-42.]

NOTES:

Injunctions: Chapter 7.40 RCW.

RCW 18.04.370 Penalty. (1) Any person who violates any provision of this chapter, shall be guilty of a crime, as follows:

(a) Any person who violates any provision of this chapter is guilty of a misdemeanor, and upon conviction thereof, shall be subject to a fine of not more than ten thousand dollars, or to imprisonment for not more than six months, or to both such fine and imprisonment.

(b) Notwithstanding (a) of this subsection, any person who uses a professional title intended to deceive the public, in violation of RCW 18.04.345, having previously entered into a stipulated agreement and order of assurance with the board, is guilty of a felony, and upon conviction thereof, is subject to a fine of not more than ten thousand dollars, or to imprisonment for not more than two years, or to both such fine and imprisonment.

(2) With the exception of first time violations of RCW 18.04.345, subject to subsection (3) of this section whenever the board has reason to believe that any person is violating the provisions of this chapter it shall certify the facts to the prosecuting attorney of the county in which such person resides or may be apprehended and the prosecuting attorney shall cause appropriate proceedings to be brought against such person.

(3) The board may elect to enter into a stipulated agreement and orders of assurance with persons in violation of RCW 18.04.345 who have not previously been found to have violated the provisions of this chapter. The board may order full restitution to injured parties as a condition of a stipulated agreement and order of assurance.

(4) Nothing herein contained shall be held to in any way affect the power of the courts to grant injunctive or other relief as above provided. [2001 c 294 § 19; 1983 c 234 § 19; 1949 c 226 § 36; Rem. Supp. 1949 § 8269-43.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.380 Advertising falsely--Effect. (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

False advertising: Chapter 9.04 RCW.

RCW 18.04.390 Papers, records, schedules, etc., property of the licensee or licensed firm--Prohibited practices--Rights of client. (1) In the absence of an express agreement between the licensee or licensed firm and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee or licensed firm incident to or in the course of professional service to clients, except reports submitted by a licensee or licensed firm, are the property of the licensee or licensed firm.

(2) No statement, record, schedule, working paper, or memorandum may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(3) A licensee shall furnish to the board or to his or her client or former client, upon request and reasonable notice:

(a) A copy of the licensee's working papers or electronic documents, to the extent that such working papers or electronic documents include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by him or her.

(4) Nothing in this section shall require a licensee to keep any work paper or electronic document beyond the

period prescribed in any other applicable statute.

(5) Nothing in this section should be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to RCW 18.04.405. [2001 c 294 § 21; 1992 c 103 § 16; 1986 c 295 § 18; 1983 c 234 § 21; 1949 c 226 § 38; Rem. Supp. 1949 § 8269-45.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.405 Confidential information--Disclosure, when--Subpoenas. (1) A licensee, certificate holder, or licensed firm, or any of their employees shall not disclose any confidential information obtained in the course of a professional transaction except with the consent of the client or former client or as disclosure may be required by law, legal process, the standards of the profession, or as disclosure of confidential information is permitted by RCW 18.04.350 (3) and (4), 18.04.295(8), 18.04.390, and this section in connection with quality assurance, or peer reviews, investigations, and any proceeding under chapter 34.05 RCW.

(2) This section shall not be construed as limiting the authority of this state or of the United States or an agency of this state, the board, or of the United States to subpoena and use such confidential information obtained by a licensee, or any of their employees in the course of a professional transaction in connection with any investigation, public hearing, or other proceeding, nor shall this section be construed as prohibiting a licensee or certified public accountant whose professional competence has been challenged in a court of law or before an administrative agency from disclosing confidential information as a part of a defense to the court action or administrative proceeding.

(3) The proceedings, records, and work papers of a review committee shall be privileged and shall not be subject to discovery, subpoena, or other means of legal process or introduction into evidence in any civil action, arbitration, administrative proceeding, or board proceeding and no member of the review committee or person who was involved in the peer review process shall be permitted or required to testify in any such civil action, arbitration, administrative proceeding, or board proceeding as to any matter produced, presented, disclosed, or discussed during or in connection with the peer review process, or as to any findings, recommendations, evaluations, opinions, or other actions of such committees, or any members thereof. Information, documents, or records that are publicly available are not to be construed as immune from discovery or use in any civil action, arbitration, administrative proceeding, or board proceeding merely because they were presented or considered in connection with the quality assurance or peer review process. [2001 c 294 § 22; 1992 c 103 § 17; 1986 c 295 § 19; 1983 c 234 § 23.]

NOTES:

Effective date--2001 c 294: See note following RCW 18.04.015.

RCW 18.04.420 License or certificate suspension--Nonpayment or default on educational loan or scholarship. The board shall suspend the license or certificate of any person who has been certified by a lending agency and reported to the board for nonpayment or default on a federally or state-guaranteed educational loan or service-conditional scholarship. Prior to the suspension, the agency must provide the person an opportunity for a brief adjudicative proceeding under RCW 34.05.485 through 34.05.494 and issue a finding of nonpayment or default on a federally or state-guaranteed educational loan or service-conditional scholarship. The person's license or certificate shall not be reissued until the person provides the board a written release issued by the lending agency stating that the person is making payments on the loan in accordance with a repayment agreement approved by the lending agency. If the person has continued to meet all other requirements for licensure or certification during the suspension, reinstatement shall be automatic upon receipt of the notice and payment of any reinstatement fee the board may impose. [1996 c 293 § 2.]

NOTES:

Severability--1996 c 293: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1996 c 293 § 28.]

RCW 18.04.430 License or certificate suspension--Noncompliance with support order--Reissuance. The board shall immediately suspend the certificate or license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a *residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order. [1997 c 58 § 811.]

NOTES:

***Reviser's note:** 1997 c 58 § 887 requiring a court to order certification of noncompliance with residential provisions of a court-ordered parenting plan was vetoed. Provisions ordering the department of social and health services to certify a responsible parent based on a court order to certify for noncompliance with residential provisions of a parenting plan were vetoed. See RCW 74.20A.320.

Short title--Part headings, captions, table of contents not law--Exemptions and waivers from federal law--Conflict with federal requirements--Severability--1997 c 58: See RCW 74.08A.900 through 74.08A.904.

Effective dates--Intent--1997 c 58: See notes following RCW 74.20A.320.

RCW 18.04.901 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected. [1986 c 295 § 20; 1983 c 234 § 34.]

RCW 18.04.910 Effective date--1983 c 234. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect on July 1, 1983. [1983 c 234 § 35.]

RCW 18.04.911 Effective date--1986 c 295. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect on July 1, 1986, except as provided in this section. *Section 5 of this act shall not become effective if sections 90(1) and 4 of Engrossed Substitute House Bill No. 1758 become law. [1986 c 295 § 24.]

NOTES:

***Reviser's note:** Section 5 of this act was vetoed by the governor.

RCW 18.04.920 Short title. This chapter may be cited as the public accountancy act. [1986 c 295 § 22; 1983 c 234 § 1.]

NEW SECTION. Sec. (1) By December 1, 2002, the board of accountancy shall report to the senate committee on labor, commerce, and financial institutions and the house committee on commerce and labor, or successor committees, on the implementation of this act, including but not limited to the provisions governing nonlicensee owners of CPA firms and the fiscal impacts.

(2) This section does not affect the board's authority to proceed with implementation of this act.

(3) This section expires January 1, 2003.